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SUBJECT: PANAMA HOSTS CENTRAL AMERICAN PRESIDENTIAL SUMMIT

SUMMARY

11. (SBU) Seven presidents, one prime minister and one vice president met in Panama March 8-9 to sign a lengthy and wordy declaration calling for the negotiation of a Central America-Panama free trade agreement (FTA) and possibly FTAs with the European Union and CARICOM. Panamanians mostly do not consider themselves part of Central America. Many, if not most, of the declaration's ambitious-sounding goals will remain a dead letter in Panama. End summary.

SICA

12. (U) Since January 2006 Panama holds the "Pro Tempore" Secretariat --established in the Tegucigalpa Protocol in

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1991-- and hosted the March 8-9 technical, ministerial and presidential meetings. Joining Panamanian President Martin Torrijos in the two-day Summit were Presidents Abel Pacheco (Costa Rica), Enrique Bolaos (Nicaragua), Manuel Zelaya (Honduras), Oscar Berger (Guatemala), Leonel Fernandez (Dominican Republic), Prime Minister Said Musa (Belize), and Vice President Ana V. de Escobar (El Salvador). The purpose of the gathering was to discuss commercial, energy, transportation and telecommunications integration. In addition, the Presidents agreed to coordinate positions for the May 2007 Presidential Summit between Latin American and Caribbean countries with the European Union (EU) in Vienna, where a potential free trade agreement (FTA) between the two blocks would be discussed.

Does Panama belong or not?

13. (U) Despite Panama's membership in SICA, Panama does not belong to SIECA, SICA's equivalent for economic integration issues. Panama has traditionally felt that its service-based economy is not compatible with the economies of the rest of Central America. Also, Panama has not decided whether to join Central America or the Andean Pact countries for a potential FTA with the EU or whether it might even consider a bilateral agreement.

14. (U) The Central American Integration System (SICA) was

established on December 13, 1991, by the governments of Guatemala, Belize, El Salvador, Honduras, Nicaragua, Costa Rica and Panama to promote Central American integration. The Dominican Republic and Taiwan have "observer" status at SICA. SICA's priorities are to seek Central American integration for a peaceful, democratic and developed region; to strengthen free and democratic governments; to define a new regional security model and determine a means to overcome extreme poverty through sustainable development, environmental protection among others.

The Panama Declaration

¶5. (U) At the Panama Canal Miraflores Locks, the Chiefs of State and Government signed a 24-page "Panama Declaration", as a result of the technical and ministerial meetings held previous days at Panama's Foreign Ministry. The declaration states that the presidents:

-- reaffirm their interest in negotiating a Central America-Panama FTA;

-- instruct Commerce Ministers to explore the possibility of an FTA with the CARICOM countries;

-- declare the intention of launching negotiations for Central American-European Union FTA;

-- highlight the importance of the democratic process in Haiti for Latin America and the Caribbean;

-- congratulate the United Nations, the Organization of American States and the Group of Friends of Haiti for the strong support provided in favor of Haiti's democratic system;

-- reconfirm the May 2006 Energy Summit in the Dominican Republic to study the possibility of a Central American refinery;

-- strengthen the Central American integration process by increasing mobility among its peoples, including the potential elimination of immigration controls at border points;

-- declare their satisfaction with the construction of the Guatemala-Panama electrical line;

-- adopt by June 2006 an agreement to reconcile tax systems;

-- commit to a future agreement for the creation of a Central American Customs Union;

-- promote ratification of the protocol amending the Central American Court of Justice;

Comment

¶6. (SBU) Most Panamanians do not consider themselves Central Americans. Regardless of the efforts by this and previous GOPs to get closer to Central America, the average Panamanian does not care. Last week's could be considered a "summit of illusions". Besides a nice-looking group photo of the Chiefs of State and Government with the Canal locks as background, the local perception is that nothing substantive was achieved. No one was surprised by the result: a mere wordy and extremely ambitious document that carries no weight.

Eaton